
An Overview of the



**National Science Foundation's
Office of Inspector General**

Office of Audit




Who Are We and What Do We Do?

Each federal agency has an independent Office of Inspector General charged by law with recommending policies and practices designed to promote economy and efficiency, and conduct audits and investigations to detect and deter fraud, waste, and abuse related to that agency.

The Office of Audit, headed by the Associate Inspector General for Audits, reviews agency operations as well as grants, contracts, and cooperative agreements funded by NSF. We conduct financial audits to determine whether costs claimed by awardees are allowable, reasonable, and properly allocated. Our audits also seek to identify practices that if modified would promote more efficient use of resources.

The Office of Audit also conducts independent reviews of awardee financial, administrative and programmatic operations to identify problems as well as to highlight what works well. These reviews are designed to assist managers at NSF and funded organizations to improve grant award and administration operations in order to better achieve NSF's research and education goals.

We perform our audits in accordance with the *Government Auditing Standards* promulgated by the Comptroller General of the United States.



Key Terms and Definitions

Much of the terminology that we use in describing issues that we discover in our audits and reviews is complex. The following are some of the more common terms and definitions that we use:

- **Questioned Cost.** Auditors question costs because of an alleged violation of a provision of a law, regulation, grant, cooperative agreement, or contract. In addition, a questioned costs may be a finding in which, at the time of the audit, a cost is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. It is important to note that NSF is responsible for making a **management decision** regarding questioned costs that includes an evaluation of the findings and recommendation included in an audit report. It is the management decision that may transform a questioned costs into a **disallowed cost**.
 - **Funds Put to Better Use.** Many times audit recommendations identify ways to improve the efficiency of programs that can lead to tangible cost savings over the life of an award. These are not questioned costs, but rather methods of making the most efficient use of federal dollars.
 - **Compliance or Internal Control Issues.** Audits often result in recommendations to improve the auditee's compliance with NSF and federal regulations; or to strengthen the auditee's internal control structure to safeguard federal funds from fraud, waste, abuse and mismanagement.
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NSF and Federal Regulations

Our mission includes supporting NSF in carrying out its mission to promote science and engineering research and education. One of the ways that we support NSF is through ensuring the application of its own and federal regulations concerning award administration. This is, in general, the basis for our audits and reviews and our staff keeps abreast of changes and updates to all of these regulations, which include:

- NSF's Grant Policy Manual (GPM)
- NSF's Grant General Conditions (GC-1)
- Specific Award Terms and Conditions
- Special Requirements Contained in the Program Announcement and Solicitation
- Relevant Office of Management and Budget Circulars
 1. *Administrative Requirements*
 - A-102 (State, and Local Governments)
 - A-110 (Academic Institutions and non-Profit Organizations)
 2. *Audit Requirements*
 - A-133 (Most Organizations)
 3. *Cost Principles*
 - A-21 (Academic Institutions)
 - A-87 (State, Local, and Tribal Government Agencies)
 - A-122 (Non-Profit Organizations)
- Copies of Regulations available via Internet:

<http://www.nsf.gov/bfa/cpo/policy/start.htm>

<http://www.whitehouse.gov/OMB/circulars/index.html>

Our Staff

In conducting our audits and reviews we draw upon a diverse staff with various educational and professional backgrounds. We tailor our audit teams to fit the needs of each particular review. Our complement of professional staff available to assist us includes:

- Administrative Personnel
- Attorneys
- Auditors
- Computer Specialists
- Criminal Investigators
- Management Analysts
- Scientists (Various Disciplines)
- Writer/Editor

We also supplement our in-house staff with Independent Public Accounting firms under contract with our office. This ensures that we have the expertise necessary to accomplish even the most unique projects.



How To Contact Us

Internet

oig.nsf.gov

Telephone

703-292-7100

E-mail Hotline

oig@nsf.gov

Outreach E-mail

oig-outreach@nsf.gov

Fax

703-292-9158/9159

Write

National Science Foundation
Office of Inspector General
4201 Wilson Blvd, Suite 1135
Arlington, VA 22230

OIG Confidential Hotline

Report any allegations of misconduct in science, engineering, education, fraud, waste, abuse, or mismanagement associated with NSF programs and operations to our office. We will keep your identity confidential. However, if you wish to remain anonymous, you may contact us by telephone at the number below.

Toll Free Hotline

1-800-428-2189

